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Sweden

Trade Policy Monitoring

Swedish Competition Authority Evaluates Swedish Retail Monopoly for Alcohol

2004

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Report Highlights:

The Swedish Competition Authority recently sent a scheduled report to the European Commission which was critical of the Swedish alcohol retail monopoly, Systembolaget.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Stockholm [SW1]
[SW]

In a recent report to the European Commission, the Swedish Competition Authority (Konkurrensverket) provided a critical analysis of the Swedish alcohol retail monopoly, Systembolaget. The report covers Systembolaget's purchasing model, product selection and rumored corruption in supporting particular commercial interests. In accordance with Sweden's accession agreement, the Swedish Competition Authority has been charged with reporting to the European Commission twice a year on Sweden's alcoholic beverages retail monopoly. The full report is presently available on-line in Swedish at http://www.konkurrensverket.se/bestall/pdf/alkoholrapport_juli2004.pdf

Highlights from the Competition Authority's July 23rd press release on this subject are unofficially translated below.

- The retail monopoly's role in Swedish alcohol policy has diminished over time, and this process has been accelerated in 2004. Now, less than half of all alcohol sales in Sweden are made through the monopoly.
- In the view of the Competition Authority, different goals for the retail monopoly can conflict with each other, even though Swedish alcohol policy goals should take precedence. This conflict has been heightened by the monopoly's declining market share of alcoholic beverage sales. Because of this, the need for direction and review is all the more important.
- There are three avenues into Systembolaget's regular assortment, the most important of which is the monopoly's tenders. The monopoly determines what will be requested in the tenders. In the Competition Authority's view, there must be a greater balance between the various means for getting products into the regular assortment, i.e., a decrease in the share that comes in under the tender mode.
- The division of products into segments is protecting some products which only compete for shelf space with products in the same segment. The more specific segments there are, the more difficult it becomes for competing products to be represented.
- If the scope of bribery is as large as the current criminal investigation indicates, it is probable that competition between the different suppliers has been influenced
- The new centralized assortment selection system that became fully implemented in 2002, seems to have made it more difficult and less fruitful to try to influence the monopoly's store managers. At the same time, this new system has made it easier for suppliers to purchase back their own product (in order to achieve sales volume necessary to remain in the assortment) and less costly for suppliers to employ this tactic.

Systembolaget has issued it's own press release commenting on the Swedish Competition Authority report. This could be found on <http://www.systembolaget.se/Applikationer/Knappar/Press/Pressmeddelanden/2004/Pressmeddelande+2004+07+23.htm>